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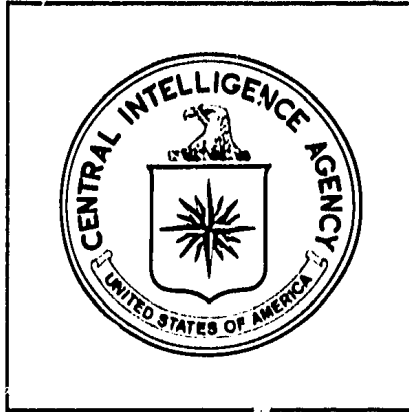
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STAFF NOTES:

Western Europe

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WESTERN EUROPE — [REDACTED] — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Palme Government in Sweden Receives
New Support

Cooperation between Sweden's ruling Social Democrats and two of the opposition parties on a tax reform program reduces the likelihood of special elections before the scheduled date in September 1976.

Following a week of intensive negotiations, the Social Democrats, Liberals, and the Center Party agreed to reduce income taxes for almost all taxpayers and to increase child allowances and other benefits beginning in 1976. Taxes on liquor, wine, and cigarettes will be raised and a new electricity tax will be introduced to finance the reforms.

Both the Moderates and the Communists dropped out of the negotiations because of opposition to the increased sales taxes which they feel will hurt low income groups.

The Social Democrats can now count on the Center Party and the Liberals to support the government's economic program. The Liberals have voted with the government since last May when Prime Minister Palme persuaded them to break with the center-right opposition bloc. Until that time, Palme had to depend on the Communists to stay in power. Palme and his new allies control 280 of the 350 seats in parliament. (Confidential)

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Belgian Oil Workers May Strike

Some 5,000 refinery workers may strike this week if the Belgian government does not resolve contract grievances of independent tank truck drivers. The major problem stems from the refinery workers' agreement that calls for settling the issue of whether workers employed by independent transport companies can be covered by the general petroleum workers' agreement. After a slow-down earlier this month aimed at forcing the government to consider the issue, the refinery workers opted to increase pressure on Brussels by calling a full-fledged strike. The earlier slowdown caused shortages, particularly among consumers supplied by the independent drivers. A complete shutdown of oil production could have serious consequences for the Belgian economy which is already suffering from unemployment and business failures. (Confidential)

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Oil Importers Moving Closer to a Common Stand

Members of the International Energy Agency agreed at a meeting last week to consider a plan to encourage oil-importing states to develop alternative energy sources. This small step moved the oil-importing states closer to the common stand the US has insisted is a prerequisite to a conference with oil-producing countries.

The plan must be reviewed by the energy agency's 18 members--and indirectly by France, which is not a member--before the agency's governing board returns to Paris next week. At that time the board will probably adopt the plan and endorse the preparatory meeting of oil exporters and importers that French President Giscard has called for April 7.

The plan includes agreement by participating countries that the primary goal of reduced dependence on imported oil would be jeopardized if oil was sold below an agreed price level. Acceptance of this principle is the major breakthrough of the meeting.

The level at which prices will be set will be the key issue in the negotiations to implement the plan. States with little or no oil will favor a lower figure than those with domestic oil to exploit.

Other measures agreed to include:

--Provision by the group as a whole of specific financial and technical assistance, on a case-by-case basis, to investments in both high- and low-cost energy projects.

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--Cooperation in energy research and development.

The eight members of the international agency that are members of the EC will have to discuss the plan with France as part of the EC's own effort to forge a common energy policy. The eight would not want to find themselves committed to such a plan if they thought France, by not joining, might one day be able to purchase oil for its industries at lower prices.

On the other hand, the eight are anxious not to block progress on the development of alternative measures because they do not want to choose sides between the US and France. France has shown willingness to cooperate on energy matters of late. Paris may go along because Giscard knows a stalemate at this point would delay the meeting with exporting countries. (Confidential No Foreign Dissem)

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Autonomists May Have Miscalculated in
Boycotting Azores Summit

The Movement for Self-Determination of the Azorean People, MAPA, may have committed a strategic error in not actively participating in the summit conference attended by Azorean administrators. The conference discussed a wide range of administrative reforms and MAPA, by its absence, may have effectively eliminated itself from the reform process and thereby strengthened the hand of its leftist antagonists.

The conference, which met behind closed doors from February 28 to March 2, was attended by the civil governors of the Azorean autonomous districts and Madeira--all appointed by the current regime in Lisbon. Representatives of top district administrative bodies also attended, as did a delegation from the Ponta Delgada section of the Portuguese Popular Democratic Party. MAPA, which has spearheaded local autonomy efforts in the face of official resistance, sent only "observers" to one public session.

The exact substance of the conference discussions is unknown, but it is believed that a wide range of problems related to Azorean administrative reform was discussed. Spirited discussions were reportedly held on important issues, including local autonomy.

Although the results of the conference are not entirely clear, the local press speculates that a tri-district committee will now be formed to prepare draft statutes on the administration of the islands. The draft statutes would then be presented to the Ministry of Internal Administration in Lisbon for consideration.

MAPA refused to participate actively in the conference because it felt that only sham reforms would be proposed and that its goal of "ample

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autonomy" would thereby be thwarted. It appears now, however, that should a tri-district commission be formed to draft revised administrative statutes for the islands, MAPA will be excluded from participation in that body.

Local leftists have been trying to dissolve MAPA since last fall, probably out of concern over its success in popularizing the autonomy concept among the local populace. MAPA has since swung its popular support to the moderate Portuguese Popular Democratic Party, which is in a good position to pick up most of the Azores' seats in the April 12 elections for the Portuguese constituent assembly.

Exclusion of MAPA from the reform process could neutralize the organization, and, in the process, undercut the local election efforts of the Popular Democratic Party, one of the key non-communist parties in Portugal. (Confidential)

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The Geneva Meeting of East and West

The second conference between eastern and western trade unions held in Geneva from February 28 to March 1 was a victory of sorts for the Soviets, but the results were not brilliant from their standpoint. The stars of the meeting, which brought together delegates of 44 trade union federations in 27 European countries, were West German labor leader M. H. Vetter and the Soviet key labor figure A. Shelepin. France's anti-Communist Force Ouvriere was the only major European trade union that refused to take part.

Led by the West Germans, the conference turned down a proposal by Scandinavian representatives calling for appointment of a group of experts to monitor progress on the main conference topic of improving the work environment and prepare a report for a future conference. The delegates agreed only that the desirability of a further conference next year should be explored. The Germans also led the effort to keep any future multilateral East-West trade union meetings under the auspices of the International Labor Organization and to limit discussions to technical subjects falling clearly within trade union competence.

The ability of the West European unions to continue to limit the Soviets' ability to exploit such meetings in the future will depend largely on the cohesiveness of western labor organizations. At the recent meeting, even the Italian Communists reportedly bolstered Western unity, siding consistently against the Communist-dominated World Federation of Trade Unions on all controversial points in the drafting of the final conference resolution.

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The Soviets will continue to pursue their drive for all-European cooperation, and the push to develop further East-West trade union contacts will play a major role in Moscow's policy after the European security conference is concluded. (Confidential No Foreign Dissem)

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Greek Cypriot Unity Broken

The tenuous truce between pro and anti-Makarios factions within the Greek Cypriot community appears to have been broken as a result of the attempted assassination of a high government official on March 9 and an explosion last week at the Limassol offices of the Church of Cyprus. President Makarios will now be under growing pressure from his supporters to purge the remaining rightist extremists in the government and to move against the remnants of the EOKA-B terrorist organization which may have been responsible for the latest acts of violence.

Relations between pro and anti-Makarios supporters began to deteriorate late last month following the Greek government's discovery of a plot against it by supporters of the former junta. Pro-Makarios groups in Cyprus charged that the conspiracy was also aimed at the overthrow of the Makarios government and called for a purge of junta collaborators from the bureaucracy and the national guard, as well as the apprehension of terrorists still at large.

Makarios had previously adopted a conciliatory line toward the far right in an effort to secure a common front in the face of the Turkish threat. This appears to have been a tactical move and he doubtless was only biding his time before moving against those who have sought his overthrow. The latest acts of violence, coupled with pressure from his supporters, will probably persuade him to take some punitive measures against the far right, despite the persistence of the Turkish threat.

This could spark renewed clashes between government forces and the well armed, hard-core remnants of EOKA-B which are particularly strong in the Limassol area. The terrorists, however, do not appear to have the means or the popular support to mount a successful challenge to the government at this time. (Secret No Foreign Dissem/No Dissem Abroad/Background Use Only/Controlled Dissem)

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Law-and-Order Question Strains Relations
Among Italy's Governing Parties

A dispute over the law-and-order issue is having a divisive impact on Aldo Moro's three-month-old government. The leader of the four government parties will meet on Thursday to try to agree on a program to combat increasing crime and political violence.

A series of armed robberies in which policemen were either killed or injured has led the police to demand broader powers and to call for tougher treatment of offenders by the courts. The impression that the situation is getting out of hand has been strengthened by incidents such as the raid in mid-February that succeeded in freeing the leader of a left-wing extremist organization from a Turin prison. Rome has been disturbed, meanwhile, by sporadic street fighting between neo-fascists and leftists since the opening of a trial of leftists there in late February.

Christian Democratic leader Fanfani took the lead in making these incidents a central issue in the campaign for the nationwide local elections that will take place in June. Last month, Fanfani insisted that law enforcement should take precedence over all of Italy's other problems. Now, the Christian Democrats are pushing legislative proposals that give the police more flexibility and increase the penalties for certain crimes.

Fanfani's approach has drawn fire from the entire Italian left, including left-of-center elements in his own party. Left-wing Christian Democrats and the party youth organization, for example, think that Fanfani is concentrating on the crime problems to the exclusion of the bread-and-butter issues that are troubling voters.

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Disagreement on this point was one of the factors that led Fanfani to dismiss the leadership of the party youth section late last month.

The Socialists, while professing their concern over increased crime, argue that Fanfani is exploiting the issue for electoral purposes. The Communists as well as the Socialists insist that the neo-fascists are primarily responsible and that anti-crime legislation should be aimed mainly at the extreme right.

A sharp clash over this issue at the meeting of government leaders on Thursday could jeopardize the Moro government. The ingredients are present, however, for a compromise government program on law enforcement measures. The Christian Democrats reportedly will not insist on the proposal most adamantly opposed by the Socialists: giving the police temporary powers to arrest and detain suspects. For their part, the Socialists are trying to avoid actions that could lead to the postponement of the local elections scheduled for June. The Socialists are expecting gains in the elections but fear they would be rescheduled if Moro's government falls apart before June. (Confidential)

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